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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 06/10/08

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Articles:

1) Survey team off to Afghanistan

YOMIURI (Page 4) (Full)
June 10, 2008

A team of Japanese government officials left for Afghanistan on June 8 to explore the possibility of sending Self-Defense Forces troops to Afghanistan. The team is made up of Cabinet Secretariat, Foreign Ministry, and Defense Ministry officials.

The Maritime Self-Defense Force is currently engaged in a refueling mission in the Indian Ocean under the Antiterrorism Special Measures Law. This law, however, is set to run out in January next year. The government therefore judged that it would have to consider continuing Japan's assistance, including the possibility of SDF troops working in Afghanistan.

The survey team is scheduled to stay in Afghanistan for about 10

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days to look into the security situation and needs for assistance in the capital city of Kabul and other areas. The government is considering engaging the Ground Self-Defense Force in logistical support for the International Security Assistance Force (ISAF) and tasking the Air Self-Defense Force with airlifting supplies. The survey team includes GSDF and MSDF members.

However, there are also many challenges to clear before sending SDF troops to Afghanistan. The government will need to create a new law or revise the antiterror law in order for Japan to send SDF troops there. However, it would not be easy to coordinate with the opposition-controlled House of Councillors led by the Democratic Party of Japan (Minshuto). In Afghanistan, many people have been victimized in Taliban insurgents' terrorist attacks. Afghanistan is not expected to recover its public security for now.

2) SDF dispatch welcome: Schieffer

MAINICHI (Page 2) (Full)
June 10, 2008

U.S. Ambassador to Japan Schieffer, meeting the press yesterday at the U.S. Embassy in Tokyo, expressed his welcome for the fact that the Japanese government is now exploring the possibility of dispatching the Self-Defense Forces to Afghanistan. Schieffer said: "Japan is welcome to step up its contribution to Afghanistan. Japan is now in a preliminary phase to look into its options, so we'd like to see progress."

3) Futenma to face stronger opposition

ASAHI (Page 4) (Full)
June 10, 2008

The ruling camp in Okinawa Prefecture's assembly led by the Liberal Democratic Party and New Komeito has now lost its majority as a result of the recent election. The government and the ruling parties presume that the outcome of the election will have no impact on the planned relocation of the U.S. Marine Corps' Futenma Air Station in the prefecture's central city of Ginowan because there will be no situation for the time being to ask for the prefectural assembly's consent or agreement. However, Futenma relocation within the prefecture will inevitably face stronger opposition. Gov. Hirokazu

Nakaima is likely to face difficulties over the Futenma issue.

"The ruling parties faced a setback in the Okinawa prefectural assembly election, but we'd like to push ahead with the realignment of U.S. forces in Japan and other important issues without making a fuss," Prime Minister Fukuda stressed in a liaison meeting of the government and the ruling parties yesterday. Chief Cabinet Secretary Machimura also said in a press conference: "We need the governor's permission for reclamation from the sea, but there are not so many things that need the prefectural assembly's agreement."

However, one LDP lawmaker, who once served in one of the LDP's three top executive posts, predicts a major impact, indicating that the governor will face difficulties in managing his prefectural administration on the whole. Some government officials are also concerned about the potential impact. "I can't say we will not be affected when we listen to Okinawa Prefecture's people in an environmental impact assessment," a senior official of the Foreign Ministry said.

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The government plans to build an alternative facility for Futenma airfield in the prefecture's northern coastal city of Nago. In this regard, Nakaima has asked the government to move the relocation site offshore. Basically, however, he has accepted Futenma relocation within the prefecture. Meanwhile, the opposition camp is poised to square off with the governor while seeking to submit a no-confidence motion against him. "We can't say we have only to move the relocation site just a little bit into the sea," said Kantoku Teruya, a House of Representatives member of the Social Democratic Party, who chairs the SDP's Okinawa prefectural federation. The government is paying close attention to the governor and the prefectural assembly.

4) Ruling parties defeated in Okinawa assembly election due to strong opposition to new health insurance system for the elderly; Deliberations on opposition-drafted bill abolishing the system to be continued

YOMIURI (Page 4) (Excerpts)
June 10, 2008

The ruling coalition of the Liberal Democratic Party (LDP) and New Komeito lost its majority in Sunday's Okinawa prefectural assembly election probably because of strong opposition to the new health insurance system for those aged 75 and older. Taking into account such public opinion, the ruling camp intends to continue deliberations on an opposition-drafted bill to abolish the new health insurance scheme for the elderly, not voting it down in the House of Representatives. The opposition camp, meanwhile, has stepped up its offensive, calling for an early Lower House dissolution.

In the 48-member assembly election, the ruling parties lost five seats to 22 from their pre-election strength of 27, while the opposition camp gained five seats to 24. Two seats are neutral. (One seat had been vacant.) All four candidates backed by the main opposition Democratic Party of Japan (DPJ) were elected, while most LDP candidates had uphill battles in the election.

In a meeting yesterday between the government and ruling coalition, LDP Secretary General Bunmei Ibuki pointed out:

"The reasons (for our defeat) are likely the (changes in the fixed numbers of electoral districts because of) merger of municipalities, generational changes of candidates, and the new health insurance system for the elderly."

The government and ruling coalition will hurriedly hammer out concrete measures, such as reducing the burden on low-income elderly, while pointing out problems in the opposition-drafted bill through Diet deliberations. In a session yesterday of the House of Councillors Audit Committee, Fukuda took a stance of keeping the framework of the new health insurance system, saying: "I cannot approve of the view calling for immediately abolishing the system."

It's a rash view."

However, LDP Election Strategy Council Chairman Makoto Koga yesterday told the press at the Prime Minister's Official Residence:

"There is an emotional argument as to whether (the new health

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insurance system was introduced) for the sake of the elderly people. It is very difficult (to get public understanding for the system)."

There is the possibility that calls for a drastic review of the system will gain ground in the ruling camp.

5) Cabinet Office sees possibility of economy slipping into recession with two months of bad indicators

YOMIURI (Page 2) (Excerpt)
June 10, 2008

The Cabinet Office yesterday revised its judgment of the state of the economy, based on four months of economic indicators, from last month's "seesaw-like movement" to this month's "possibility that aspects are changing." This was the first time for the forecast to hint at the possibility that the economy was moving toward a recession, the longest expansion period in the postwar period (since Feb. 2002) having peaked a few months before.

6) Greenhouse gas emissions can be cut 14 PERCENT by 2020: Prime minister announces introduction of emissions trading system in fall on trial basis

YOMIURI (Page 1) (Excerpts)
June 10, 2008

Prime Minister Fukuda during a press conference held at the Japan National Press Club in Uchisaiwai-cho, Tokyo, on the evening of June 9, released Japan's new guidelines for the battle against global warming. Regarding a mid-term goal of cutting greenhouse gas emissions by between 2020 and 2030, an issue in the spotlight, the prime minister indicated an estimate that it would be possible to cut carbon emissions by 14 PERCENT by 2020, compared with the 2005 level. He then revealed his plan to release a nation-specific cap, which would serve as Japan's mid-term goal, within next year. He also announced his intention to introduce an emissions trading system for companies to trade carbon emissions quotas, saying, "The government will introduce a domestic market on a trial basis this fall."

The new guidelines could be viewed as the Fukuda Vision of a package of his ideas on global warming measures. His aim is to lead domestic and overseas discussions in the run-up to the G-8 to be held in Hokkaido in July. The prime minister underscored, "Tackling a low-carbon revolution seriously would enhance Japan's presence in the international community and solidify the Japanese economy."

The prime minister categorically mentioned a long-term goal of cutting emissions by 60 PERCENT to 80 PERCENT by 2050 from the present level. Concerning a mid-term goal, he said, "We have no time to play political games with a mid-term target." Concerning the basis for achieving a 14 PERCENT cut by 2020, he proposed combining sector-specific reductions with the introduction of cutting-edge energy-conservation systems and new energy technologies.

7) Main points of prime minister's speech

ASAHI (Page 7) (Full)
June 10, 2008

The following is a gist of Prime Minister Fukuda's speech on turning

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Japan into a low-carbon society, delivered on June 9:

(Preface)

In order to realize a low-carbon society, global efforts and a national movement are essential. The envisioned shift to a low-carbon society must be taken as an opportunity for new economic growth.

(Japan's long- and mid-term targets)

Japan's long-term target is to reduce CO2 by 60 PERCENT -80 PERCENT from current levels by 2050.

The country cannot afford to spend time on setting (mid-term) goals. The sector-by-sector approach (proposed by Japan) is a means to find pragmatic solutions. Japan has recently announced that it is possible to reduce emissions by 14 PERCENT -- about the same level as the EU -- from current levels by 2020. Japan would like to announce nation-by-nation targets at an appropriate time next year.

(Development of innovative technologies)

Japan will contribute up to 1.2 billion dollars to the establishment of a new multilateral fund to support developing countries along with the United States and Britain. I will propose the International Partnership for Energy Efficiency Cooperation in the upcoming Lake Toya Summit.

The ratio of renewable energy, such as solar power, wind, and water, and "zero-emission energy sources," such as nuclear power, must be raised to over 50 PERCENT . One out of two new cars to be sold must be next-generation automobiles. In order to win the world's No. 1 position in solar-energy generation (back from Germany), increase the volume 10-fold by 2020 and 40-fold by 2030, over 70 PERCENT of houses to be built must be equipped with a solar-energy generation system.

(Emission trading and tax reform)

Japan must shift to a stance active enough to propose more effective rules on emissions trading. In the fall, the government will implement a domestic emission trading system on a trial basis joined by as many businesses and companies as possible.

In a fundamental tax reform meeting, planned for the fall, the government will comprehensively review the taxation system, including the handling of an environment tax, from the perspective of promoting a low-carbon society, and will push ahead with the envisioned environment tax.

(Public as central player)

The introduction of daylight saving time is under consideration by the ruling parties. I hope for a conclusion at an early time. Designating July 7 as Cool Earth Day, the country will carry out a movement to turn off all lights and other events.

(Conclusion)

To deal with the situation, our lifestyle, everything from the economy to society to community, must be changed. We must work hard

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so that future generations can look back and describe our efforts for a low-carbon revolution with pride.

8) Realizing prime minister's proposal would cost 52 trillion yen; Households likely to be affected

ASAHI (Page 7) (Excerpts)
June 10, 2008

Prime Minister Yasuo Fukuda's set of proposals to combat global warming underlines the need for a "national movement," such as the dissemination of solar power and next-generation automobiles, while urging the industrial sector to join a domestic emissions trading

system. The proposal, which is certain to run huge costs, might make electricity, automobiles, and home appliances cost more.

The prime minister emphasized: "A low-carbon society cannot function without actions by the people." When the fiscal 2006 domestic CO2 emissions levels are compared with 1990 levels, the amount produced by the industrial sector dropped by about 5 PERCENT while that of the livelihood-connected and transport sectors combined increased by about 28 PERCENT. Of the total, the industrial sector accounted for 40 PERCENT, the livelihood-connected sector for over 30 PERCENT, and transport 20 PERCENT.

The proposal calls for reducing emissions by 14 PERCENT from current levels by 2020. The proposal lists such specific means as making half of all new cars sold next-generation automobiles and installing a solar-power generation system in over 70 PERCENT of new houses with the aim of raising the introduction of solar-power generation ten-fold. The Economy, Trade and Industry Ministry estimates that purchasing such cutting-edge equipments would cost approximately 52 trillion yen.

The ratio of hybrid cars sold today is less than 10 PERCENT and that of electric cars is essentially zero. The promotion of sales of such automobiles might require enhanced subsidies, something that would make the use of tax revenues inevitable.

Electric transmission facilities would be a bottleneck for the rapid dissemination of solar power. The country's solar-power generation capability was 1.7 million kilowatt at the end of 2006. The Federation of Electric Power Companies of Japan says that existing electric transmission facilities can handle up to 10 million kilowatts -- six times that volume -- and that a volume over that level would require huge investment.

9) Fukuda Vision: Conscious of displaying leadership at G-8; Rivalry with EU over emissions trading

MAINICHI (Page 2) (Full)
June 10, 2008

Prime Minister Yasuo Fukuda on June 9 released a set of global warming measures, which included proposals for the introduction of a domestic emissions trading system this fall on a trial basis and the setting of a mid-term goal next year of cutting global warming greenhouse gas emissions. The Fukuda Vision goes half a step farther than his usual cautious stance. This is because the prime minister has determined that it would be inevitable for Japan to announce its stance on those issues in order for it to display leadership as the host nation of the G-8, which is only a month away.

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The prime minister made this decision in view of the present situation in which the EU is taking the lead in an international discussion on global warming measures with the introduction of emissions trading and the adoption of a mid-term goal of cutting global warming greenhouse gas emissions 20 PERCENT from the level of 1990 by 2020. One government source noted, "Japan would lose ground in future talks, unless it tackles global warming on a common ground."

However, regarding a mid-term goal, the prime minister argued, "We have no time for engaging in a political propaganda-like target-setting game." He thus tacitly criticized the approach of the EU, which attaches importance to setting a numerical target. He is sticking to a sector-specific approach of each industry piling up achievable emissions, increasing feeling alarmed that Japan with advanced energy-saving technology would find itself in a disadvantageous situation, unless it digs its heels in the basis for emissions cuts.

In formulating the Fukuda Vision, the prime minister adopted the specifics in a meeting with a small number of staff members of the Prime Minister's Office (Kantei) without prior coordination of views, such as talks with ministers from related ministries, including the Foreign Affairs, Economy, Trade and Industry, and

Environment Ministries. He thus tried to give the impression that he had displayed leadership in switching the policy on global warming measures.

The prime minister wants to stop the international trend of giving priority to numerical targets. However, there are no prospects of other G-8 nations riding on Japan's approach.

10) Deep-rooted opposition in business circles to emissions trading

MAINICHI (Page 2) (Full)
June 10, 2008

Business circles are strongly against the adoption of a domestic emissions trading system, the showcase of the Fukuda Vision of global warming measures. The Japan Business Federation (Nippon Keidanren) was quick to dismiss the proposal, noting that since the system is only one option among various policy means, it is important to pursue discussion cautiously and completely.

The EU in 2005 adopted an emissions trading system, under which an upper limit (emissions quota) of greenhouse gas emissions is imposed on individual companies, and companies trade their balances. Emissions trading under the Fukuda Vision is viewed as voluntary for the time being. It thus gives moderate consideration to the corporate side.

However, the power industry is increasingly alarmed about the adoption of an emissions trading system, with the Federation of Electric Power Companies of Japan announcing continued opposition to the setting of binding emissions quotas. Cooperation from business circles is indispensable in adopting a system. However, too much deference could emasculate the system.

Regarding the setting of a mid-term goal, another focus of attention, the prime minister steered clear of making a clear-cut

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comment, simply saying, "I will announce such a goal at an appropriate time next year." He referred to a 14 PERCENT reduction by 2020 compared with the 2005 level as a technically feasible target. However, this is just a quotation from the Long-Term Outlook for Energy Supply and Demand, which the Ministry of Economy, Trade and Industry's council mapped out in March this year. He underscored that Japan's reduction rate could be equal to the EU's goal, if the base year is changed, citing that the EU's mid-term goal of cutting carbon emissions by 20 PERCENT, compared with the 1990 level, can be translated into a 14 PERCENT cut compared with the 2005 level.

However, Japan's emissions increased 7.7 PERCENT in 2005, compared with the 1990 level, while the EU steadily decreased its emissions in comparison with the level of the same base year. Many countries, including EU members, are bound to oppose Japan if it insists on the adoption of a base year favorable to it. Deputy Representative Yurika Ayukawa of the G-8 Summit NGO Forum criticized the prime minister: "That number is phony. It's just a different base year was used. Developing countries will not get the message that Japan is seriously tackling the issue."

11) DPJ criticizes Fukuda vision for lack of content

NIKKEI (Page 2) (Full)
June 10, 2008

Katsuya Okada, chair of the anti-global warming headquarters of the main opposition Democratic Party of Japan (DPJ), released yesterday a statement criticizing the so-called Fukuda vision that Prime Minister Yasuo Fukuda unveiled the same day. The statement wrote that the contents (of the prime minister's climate change initiative) are extremely poor. Okada stated: "I cannot see at all how he will deal with the matter at the Group of Eight summit in Hokkaido." DPJ Upper House Policy Deliberation Committee Chairman Tetsuro Fukuyama also said: "Setting a mid-term goal for (reducing greenhouse gas emissions), an environment tax, and a greenhouse gas emission trading scheme were all put off."

12) Prime Minister Fukuda: No Lower House dissolution for time being

YOMIURI (Page 4) (Full)
June 10, 2008

In a speech yesterday at the Japan National Press Club, Prime Minister Yasuo Fukuda revealed his intention of not dissolving the House of Representatives for the time being and of giving priority to resolving policy issues. He stated this on the timing for a Lower House dissolution and snap election: "I want to choose the right timing so that we can first come up with various policies and implement them."

Regarding the timing for dissolving the Lower House, Fukuda said:

"Considering various circumstances, I will try not to have an impact, especially on politics. I think there is a reason for a rumor that I may dissolve the Lower House after the Group of Eight summit in July."

He then added:

"I wonder what will happen if a political situation similar to the

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present one continues even after dissolving the Lower House. We must deal with issues that should be resolved. I want to prioritize them."

He said this about a cabinet shuffle: "That's a blank. It's a clear blank sheet."

13) Ozawa denies taking initiative to submit censure motion against Fukuda

MAINICHI (Page 2) (Full)
June 10, 2008

Democratic Party of Japan (Minshuto) President Ichiro Ozawa, meeting the press yesterday in the city of Niigata, said his party's decision to submit a censure motion against Prime Minister Fukuda in the House of Councillors at the end of the current Diet session is to "sum up" political issues for the present, such as the controversial new healthcare system for the elderly, pension record-keeping flaws, gasoline surcharges, and scandals involving the Defense Ministry. Meanwhile, Ozawa denied taking the initiative to submit a censure motion against the prime minister. "I didn't tell them to do so," Ozawa said. He added, "If that's their consensus, I told them that's good."

SCHIEFFER